

Auditor-Controller

Katherine Martinis, Auditor-Controller

MISSION STATEMENT

To maintain the financial integrity of the County by providing county departments, special districts, and the citizens of Placer County with clear, accurate and responsive financial services and by providing an environment that promotes the safeguarding of county assets.

Appropriation	Actual 2004-05	Position Allocations	BOS Adopted 2005-06	Position Allocations
Auditor-Controller	\$ 3,485,647	44	\$ 3,950,865	44
Debt Service	2,025,638	0	2,042,014	0
Total:	\$ 5,511,285	44	\$ 5,992,879	44

CORE FUNCTIONS

Auditor-Controller

To enhance the public's trust by acting as guardian of funds administered for the County, cities, schools and special districts, and provide an independent source of financial information and analysis.

Debt Service

To provide funding for repayment of long-term lease payment obligations, as well as the associated costs for the administering trustee bank and for required annual disclosure statements.

FY 2004-05 Major Accomplishments

- Timely compilation and submission of the countywide Cost Allocation Plan, State Controller's Annual County Financial Transactions Report, and State Controller's Special Districts Financial Reports.
- Timely preparation and publication of the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2004.
- Worked with departments and the County Executive Office to develop the new classification structure to enhance cost tracking practices in support of the Governing for Results Initiative.
- Financial report distribution countywide to departments in support of the Governing for Results Initiative.
- Earned the Certificate of Achievement for Excellence in financial reporting for the CAFR for the fiscal year ended June 30, 2003.
- With implementation of the Automated County Online Resource Network (ACORN) system, developed and refined new work processes to ensure efficient and effective operations.
- Internal Audits performed 40 audits of collecting agencies for compliance with the County's Transient Occupancy Tax Ordinance, an audit of the Credit Card program, and a Change of Office audit.
- The department has been designated the contact for all financial and compliance audits conducted by Certified Public Accountant (CPA) firms, including special districts and Joint Powers Agreements (JPAs), and has ensured all audit reports comply with applicable accounting and auditing standards.
- The State's audit of the County's Property Tax allocation, apportionment and reporting systems for FY 2001-02 through 2003-04 resulted in no findings.

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- Developed and published comprehensive financial accounting and internal control manuals.
- Provided countywide training related to the Performance Accounting System (PAS), Automated County Online Resource Network (ACORN), and accounting and auditing standards.

FY 2005-06 Planned Accomplishments

- Continue to calculate and distribute property taxes timely and accurately while implementing ongoing legislative changes efficiently and correctly.
- Continue to refine and streamline the newly implemented ACORN system.
- Upgrade and enhance the functionality of PAS, including enhancements to Journal Entry posting, increased functionality for Project and Grant Analyzer functions, and Vendor Confidentiality related to the Health Insurance Portability and Accountability Act (HIPAA).
- Centralize the preparation of the CAFR, Cost Allocation Plan, and State-Controller Reports, in order to realize greater efficiencies.
- Perform a complete risk assessment of the County and develop a comprehensive audit plan for future years.
- Continue countywide training related to PAS, ACORN, and accounting and auditing standards.
- Work collaboratively with departments to identify operational efficiencies.

Department Comments

This office strives to provide quality service and respond promptly to our customers needs. We continue to act as a resource for departments to help them achieve their goals as well as the Board's goals. For the third consecutive year, the Government Finance Officer's Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting was awarded to Placer County as a direct result of the efforts of Auditor staff. It is our intent to continue to strive for excellence in all that we do.

Our challenge in the coming year will be to interpret and implement increasingly complex legislative mandates in the property tax and financial reporting functions. In addition, we will continue to identify opportunities for increased efficiencies and program enhancements in all of the functional areas.

County Executive Comments and Recommendations

Changes in salaries and benefits in the Auditor-Controller's budget, besides standard merit and benefit increases, are due to the reclassification of a technology solutions analyst to a senior technology solutions analyst, and to reallocate an accounting systems manager to an accountant-auditor I/II. The net effect of these actions reduces salaries and benefits below the base budget amount. The budget for services and supplies has increased, but has been offset by increases in revenues and salary savings from the position changes.

The Auditor-Controller receives revenues for services, tax administration, and reimbursements from the Countywide Systems Fund for payroll-system maintenance. Payment from the State of California for state mandate claims (SB90) will continue to be deferred (\$6,090), and while the County will invoice the State for these activities we do not expect to receive those funds in FY 2005-06, therefore the revenue is not included in this budget.

Over the next several months, staff will review the department's need for a senior technology solutions analyst to support ACORN technology.

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Final Budget Changes from the Proposed Budget

The *Auditor-Controller's* final budget was adjusted to reflect the department's need for PeopleSoft consulting services and fund staff training (\$62,000), offset by a reimbursement from the Countywide Systems Fund.

The *Debt Service's* Fund provided excess carryover fund balance to the reserve account, Designation for Future Occurances (\$38,290).

AUDITOR-CONTROLLER FUND 100 / 10250

	Actual 2003-04	Actual 2004-05	Requested 2005-06	Recommended 2005-06	Change %	Adopted 2005-06
Expenditures						
Salaries and Employee Benefits	\$ 2,891,984	\$ 3,298,044	\$ 3,645,445	\$ 3,645,445	11%	\$ 3,645,445
Services and Supplies	340,706	345,118	380,420	380,420	10%	442,420
Capital Assets	-	6,017	-	-	-100%	-
Intra Fund Charges	3,582	3,137	3,000	3,000	-4%	3,000
Gross Budget:	<u>3,236,272</u>	<u>3,652,316</u>	<u>4,028,865</u>	<u>4,028,865</u>	10%	<u>4,090,865</u>
Intra Fund Credits	<u>(134,269)</u>	<u>(166,669)</u>	<u>(140,000)</u>	<u>(140,000)</u>	-16%	<u>(140,000)</u>
Net Budget:	<u>\$ 3,102,003</u>	<u>\$ 3,485,647</u>	<u>\$ 3,888,865</u>	<u>\$ 3,888,865</u>	12%	<u>\$ 3,950,865</u>
Revenue						
Revenue from Use of Money and Property	\$ 474	\$ 162	\$ 200	\$ 200	23%	\$ 200
Charges for Services	884,584	1,012,013	987,000	987,000	-2%	987,000
Other Financing Sources	-	-	-	-	0%	62,000
Total Revenue:	<u>885,058</u>	<u>1,012,581</u>	<u>987,200</u>	<u>987,200</u>	-3%	<u>1,049,200</u>
Net County Cost:	<u>\$ 2,216,945</u>	<u>\$ 2,473,066</u>	<u>\$ 2,901,665</u>	<u>\$ 2,901,665</u>	17%	<u>\$ 2,901,665</u>
Allocated Positions	44	44	44	44	0%	44

CORE FUNCTION: AUDITOR-CONTROLLER

Accounts Payable Program

Program Purpose: To pre-audit all claims for payments submitted by county departments and to process payments for special districts to ensure that county bills are paid on time and accurately.

Total Expenditures: \$844,460

Total Staffing: 11.00

- **Key Intended Outcome:** Accurate and timely payment of county obligations.

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Accounts Payable Indicators:	Actual 2002-03	Actual 2003-04	Actual 2004-05	Projected 2005-06
# of vendor payments issued	65,000	64,215	60,905	60,000
\$ cost per vendor payment issued	\$10.38	\$12.18	\$12.22	\$14.07
# / % of vendor payments reissued due to error	50 / 0.077%	122 / 0.19%	116 / 0.19%	0 / 0%
# / % of 1099 reissued due to error	0 / 0%	0 / 0%	3 / 0%	0 / 0%

Program Comments: To disclose cost to produce payable warrants. Costs reflect process of vendoring, payable document processing, wire transfers, imaging, scanning, printing, stuffing, distribution and reconciliation.

Financial Reporting Program

Program Purpose: To maintain accounting records for the County and those districts that keeps funds in the County treasury and to prepare various reports for the public, Board of Supervisors and county departments in order to provide assurance that the financial position is presented fairly and accurately.

Total Expenditures: \$1,123,359

Total Staffing: 10.50

- **Key Intended Outcome:** Fair and accurate presentation of financial information.

Financial Reporting Indicators:	Actual 2002-03	Actual 2003-04	Actual 2004-05	Projected 2005-06
# of management comments	0	2	0	0
Clean audit opinion of the CAFR from the external audit team	Yes	Yes	Yes	Yes
Receipt of the GFOA Certificate of Achievement Award	Yes	Yes	Yes	Yes

Program Comments: To improve the quality and accessibility of the County's financial information for the public.

Internal Audits Program

Program Purpose: To conduct independent audits, reviews and analyses to assist county management to improve efficiency and effectiveness of programs and functions, to safeguard county assets, and to meet financial reporting requirements.

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Total Expenditures: \$384,891

Total Staffing: 4.50

- **Key Intended Outcome:** Ensure compliance with policies and procedures and to minimize losses from fraud or misappropriation.

Internal Audits Indicators:	Actual 2002-03	Actual 2003-04	Actual 2004-05	Projected 2005-06
# of audits performed / # of reports issued	2 / 2	4 / 4	23 / 23	15 / 15
# of financial statements prepared	N/A	N/A	9	6
# of internal control deficiencies identified	17	5	62	30
\$ cost savings/revenue enhancements identified	\$17,030	\$102,000	\$94,000	\$100,000

Program Comments: Maximize county revenues and strengthen fiscal operation to generate increases in resources with implementation of audit recommendations. Conduct operation, management and financial audits to help departments identify cost effective and/or efficient business strategies as well as the conservation of tax dollars.

Payroll Services Program

Program Purpose: To provide timely and accurate preparation, distribution and reporting of payroll to county departments and special districts in order to ensure accurate paychecks and compliance with reporting requirements.

Total Expenditures: \$984,327

Total Staffing: 11.00

- **Key Intended Outcome:** Accurate paychecks and compliance with state and federal reporting requirements.

Payroll Services Indicators:	Actual 2002-03	Actual 2003-04	Actual 2004-05	Projected 2005-06
# / % of W2s reissued due to errors	0 / 0%	2 / 0%	3 / 0%	0 / 0%
# / % of payroll check re-issued due to errors	0 / 0%	0 / 0%	47 / 0%	0 / 0%
# of payroll checks issued	78,181	76,582	75,200	75,600
\$ cost per payroll check issued	\$8.20	\$15.65	\$13.88	\$13.02

Program Comments: To disclose costs to produce payroll warrants. Costs per warrant reflect the costs of implementing the new payroll system. Costs per warrant should decrease over time as the new system becomes fully operational.

Property Tax Services Program

Program Purpose: To calculate property tax rates and process changes to the property tax roll in order to accurately calculate and distribute property tax revenue to the County, cities, schools and special districts.

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Total Expenditures: \$691,828

Total Staffing: 7.00

- **Key Intended Outcome:** Property tax is distributed accurately and on time.

Property Tax Services Indicators:	Actual 2002-03	Actual 2003-04	Actual 2004-05	Projected 2005-06
# of entities receiving tax distribution	330	331	330	330
% distributed within statutorily mandated time frames	100%	100%	100%	100%
% of taxes distributed without error	99%	100%	100%	100%

Program Comments: Indicators reflect entities and distribution basis for taxes in accordance with legal requirements for the 1% tax rate entities, debt service funds, 1915 Act Bonds, Mello-Roos and other direct charges.

DEBT SERVICE FUND 190 / APPROPRIATION 89360

	Actual 2003-04	Actuals 2004-05	Requested 2005-06	Recommended 2005-06	Change %	Adopted 2005-06
Expenditures						
Services and Supplies	\$ 8,880	\$ 13,128	\$ 13,810	\$ 13,810	5%	\$ 21,305.00
Other Charges	2,009,554	2,007,385	2,015,328	2,015,328	0%	2,015,328
Intra Fund Charges	4,905	5,125	12,876	12,876	151%	5,381
Gross Budget:	<u>2,023,339</u>	<u>2,025,638</u>	<u>2,042,014</u>	<u>2,042,014</u>	1%	<u>2,042,014</u>
Intra Fund Credits	-	-	-	-	0%	-
Net Budget:	<u>\$ 2,023,339</u>	<u>\$ 2,025,638</u>	<u>\$ 2,042,014</u>	<u>\$ 2,042,014</u>	1%	<u>\$ 2,042,014</u>
Revenue						
Revenue from Use of Money and Property	\$ 106,257	\$ 123,675	\$ 133,350	\$ 133,350	8%	\$ 125,000
Other Financing Sources	1,871,576	1,940,225	1,908,664	1,908,664	-2%	1,917,014
Total Revenue:	<u>1,977,833</u>	<u>2,063,929</u>	<u>2,042,014</u>	<u>2,042,014</u>	-1%	<u>2,042,014</u>
Net County Cost:	<u>\$ 45,506</u>	<u>\$ (38,291)</u>	<u>\$ -</u>	<u>\$ -</u>	-100%	<u>\$ -</u>
Allocated Positions	-	-	-	-	0%	-

In 1994, Placer County borrowed \$4.58 million from the North Lake Tahoe Financing Authority through a lease-purchase agreement financed by certificates of participation, for the construction of a new jail kitchen and certain energy-conservation improvements. In February 1997, the County borrowed an additional \$15 million from the North Lake Tahoe Financing Authority to construct a new Administrative and Emergency Services Building. Both borrowings were for 27½ years, with October 1, 2021 the final repayment date for the jail kitchen and June 1, 2024 for the administrative building. In May 1998, the County borrowed \$13.2 million to construct the new Juvenile Detention Facility and refinanced the 1994 jail kitchen due to lower interest rates, with retirement of the 1994 issue. The Juvenile Hall portion of the new borrowing was for 27 years with the final payment due July 2025.

Placer County has no outstanding general-obligation bonded debt. Certificates of Participation (COPs) funded the debt issues referenced above, and were used to construct the three county facilities indicated. COPs are lease-purchase financings that use a third party nonprofit or governmental entity (the North Lake Tahoe Financing Authority, in the subject financings) as the lessor. Unlike general obligation debt, property taxes are not increased to pay the principal and interest on COPs. Instead, the lease principal and interest are paid through use of the ongoing, regular revenues of the issuer and/or with special revenues, such as certain trust funds, that may be used for capital outlay. COPs are also different from revenue bonds. Revenue bonds typically finance utility-type

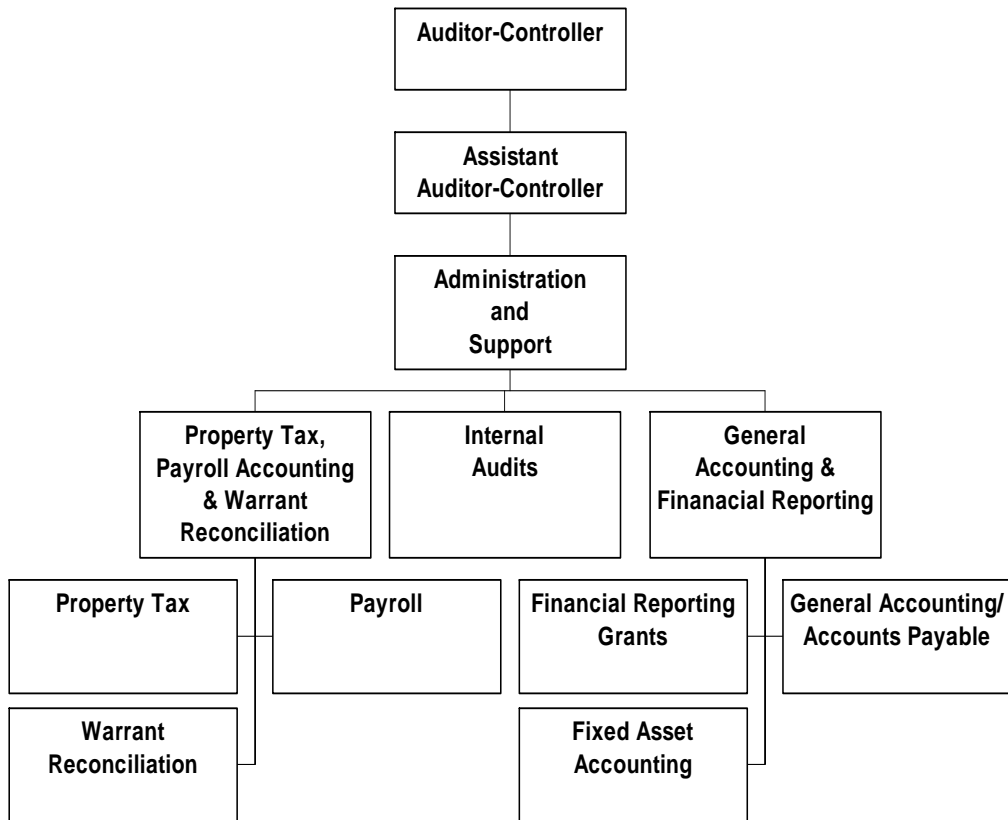
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facilities or infrastructure, such as a water-or sewage-treatment facility, and are typically repaid from pledged revenues from services, such as water or sewer fees. The County has issued revenue bonds for the Eastern Regional Landfill, the repayment of which is funded from various landfill and related revenues in that budget (02890). In addition, the County has issued certain conduit and special assessment debt, which is secured directly by the underlying land and improvements.

OFFICE OF THE AUDITOR-CONTROLLER



POSITIONS: 44

OFFICE OF THE AUDITOR-CONTROLLER
APPROPRIATION SUMMARY
Fiscal Year 2005-06

ADMINISTERED BY: AUDITOR-CONTROLLER

Appropriations	FY 2004-05		FY 2005-06	
	Actual	Position Allocations	BOS Adopted Budget	Position Allocations
GENERAL FUND Auditor-Controller	\$ 3,485,647	44	\$ 3,950,865	44
OTHER OPERATING FUND Debt Service - Fund 190	2,025,638	0	2,042,014	0
TOTAL ALL FUNDS	\$ 5,511,285	44	\$ 5,992,879	44

Auditor-Controller

General Fund

Fund: 100

Subfund: 0

Appropriation: 10250

Budget Category (1)	Actual 2003-04 (2)	Actual 2004-05 (3)	Dept Req 2005-06 (4)	CEO Rec 2005-06 (5)	BOS Adopted 2005-06 (6)
Salaries & Benefits					
1001 Employee Paid Sick Leave	662	104			
1002 Salaries and Wages	2,136,815	2,259,333	2,453,328	2,453,328	2,453,328
1003 Extra Help		853	5,000	5,000	5,000
1005 Overtime & Call Back	6,607	22,350	10,000	10,000	10,000
1006 Sick Leave Payoff	18,646				
1300 P.E.R.S.	218,692	413,924	512,820	512,820	512,820
1301 F.I.C.A.	161,067	177,017	188,827	188,827	188,827
1310 Employee Group Ins	304,363	356,481	410,664	410,664	410,664
1315 Workers Comp Insurance	45,132	67,982	64,806	64,806	64,806
Total Salaries & Benefits	2,891,984	3,298,044	3,645,445	3,645,445	3,645,445
Services & Supplies					
2051 Communications - Telephone	45,194	36,309	40,700	40,700	40,700
2274 Delivery & Freight Charges	36				
2290 Maintenance - Equipment	7,155	10,420	12,000	12,000	12,000
2291 Maintenance - Computer Equip	1,466				
2292 Maintenance - Software	7,099	10,108	10,000	10,000	10,000
2439 Membership/Dues	4,164	2,396	3,000	3,000	3,000
2456 Misc Expense		5			
2481 PC Acquisition	31,901	41,601			
2511 Printing	19,149	15,470	29,000	29,000	29,000
2523 Office Supplies & Exp	42,703	62,086	55,000	55,000	55,000
2524 Postage	32,053	28,706	32,000	32,000	32,000
2555 Prof/Spec Svcs - Purchased	113,681	99,085	145,520	145,520	195,520
2701 Publications & Legal Notices	291	3,564	4,000	4,000	4,000
2709 Rents & Leases - Computer SW	11,700	12,812	16,700	16,700	16,700
2838 Special Dept Expense-1099 Reportable	47				
2840 Special Dept Expense	8,242	3,421	3,000	3,000	3,000
2844 Training	7,108	4,789	12,500	12,500	24,500
2931 Travel & Transportation	7,504	13,226	16,000	16,000	16,000
2932 Mileage	623				
2941 County Vehicle Mileage	590	1,120	1,000	1,000	1,000
Total Services & Supplies	340,706	345,118	380,420	380,420	442,420
Fixed Assets					
4451 Equipment		6,017			
Total Fixed Assets		6,017			
Charges From Departments					
5290 I/T Maintenance - Equipment	162	33			
5405 I/T Maintenance - Bldgs & Improvements	1,606	2,403	2,000	2,000	2,000
5523 I/T Office Supplies & Expenses	902	48			
5552 I/T - MIS Services		553	1,000	1,000	1,000
5840 I/T Special Dept Expense	195				
5844 I/T Training	717	100			
Total Charges From Departments	3,582	3,137	3,000	3,000	3,000
Gross Budget	3,236,272	3,652,316	4,028,865	4,028,865	4,090,865
Less: Charges to Departments					
5001 Intrafund Transfers	(4,905)	(5,125)	(30,000)	(30,000)	(30,000)
5002 I/T - County General Fund	(121,958)	(161,544)	(110,000)	(110,000)	(110,000)
5011 I/T - Public Safety Fund	(7,200)				
5015 I/T - Comm Services Fund	(206)				
Total Charges to Departments	(134,269)	(166,669)	(140,000)	(140,000)	(140,000)
Net Budget	3,102,003	3,485,647	3,888,865	3,888,865	3,950,865

Auditor-Controller

General Fund

Fund: 100

Subfund: 0

Appropriation: 10250

Budget Category (1)	Actual 2003-04 (2)	Actual 2004-05 (3)	Dept Req 2005-06 (4)	CEO Rec 2005-06 (5)	BOS Adopted 2005-06 (6)
Less: Revenues					
6951 1915 Act Bonds Interest	(474)	(162)	(200)	(200)	(200)
8095 SB2557-Tax Admin Fee-Districts	(46,456)	(49,037)	(50,000)	(50,000)	(50,000)
8096 SB2557-Tax Admin Fee-Cities	(25,533)	(26,969)	(27,000)	(27,000)	(27,000)
8100 Assessment/Tax Collection Fees	(694,646)	(796,239)	(820,000)	(820,000)	(820,000)
8101 Supplemental Taxes - 5%	(48,552)	(94,146)	(39,000)	(39,000)	(39,000)
8113 Account/Audit Fees	(38,471)	(25,414)	(40,000)	(40,000)	(40,000)
8194 Investment Services	(16,064)	(19,843)	(11,000)	(11,000)	(11,000)
8212 Other General Reimbursement	(14,453)	(208)			
8218 Forms and Photocopies	(409)	(157)			
8764 Miscellaneous Revenues		(406)			
8954 Operating Transfers In					(62,000)
Total Revenues	(885,058)	(1,012,581)	(987,200)	(987,200)	(1,049,200)
Net County Cost	2,216,945	2,473,066	2,901,665	2,901,665	2,901,665

Other Debt Service

Debt Service Fund

Fund: 190

Subfund: 0

Appropriation: 89360

Budget Category (1)	Actual 2003-04 (2)	Actual 2004-05 (3)	Dept Req 2005-06 (4)	CEO Rec 2005-06 (5)	BOS Adopted 2005-06 (6)
Services & Supplies					
2555 Prof/Spec Svcs - Purchased	4,558	4,558	7,000	7,000	7,000
2709 Rents & Leases - Computer SW	4,227	5,920	6,810	6,810	6,810
3551 Transfer Out A-87 Costs	95	2,650			7,495
Total Services & Supplies	8,880	13,128	13,810	13,810	21,305
Other Charges					
3810 Lease Purchase Principal	715,000	745,000	795,000	795,000	795,000
3830 Lease Purchase Interest	1,294,554	1,262,385	1,220,328	1,220,328	1,220,328
Total Other Charges	2,009,554	2,007,385	2,015,328	2,015,328	2,015,328
Charges From Departments					
5527 I/T Prof Services A-87 Costs			7,495	7,495	
5550 I/T - Administration	4,905	5,125	5,381	5,381	5,381
Total Charges From Departments	4,905	5,125	12,876	12,876	5,381
Gross Budget	2,023,339	2,025,638	2,042,014	2,042,014	2,042,014
Net Budget	2,023,339	2,025,638	2,042,014	2,042,014	2,042,014
Less: Revenues					
6950 Interest	(106,257)	(123,675)	(125,000)	(125,000)	(125,000)
6965 Rents & Concessions			(8,350)	(8,350)	
8764 Miscellaneous Revenues		(29)			
8780 Contributions from Other Funds	(1,871,576)	(1,940,225)	(1,908,664)	(1,908,664)	(1,917,014)
Total Revenues	(1,977,833)	(2,063,929)	(2,042,014)	(2,042,014)	(2,042,014)
Net County Cost	45,506	(38,291)			